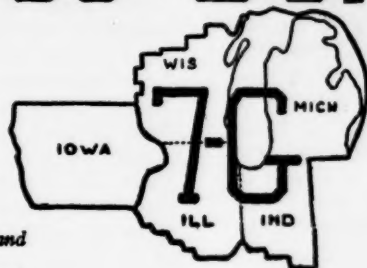


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

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Volume 15, No. 11

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

October 31, 1932

## General Summary

**OUTSTANDING** among recent favorable developments in the business situation of the Seventh district are a considerably greater than seasonal expansion in the merchandising of commodities during September, some further gains reported in certain manufacturing phases, a narrowing of the unfavorable spread in many instances between this year's and last year's volume of business, and a tendency toward strengthening of prices in certain commodities.

The steel industry increased output slightly in September over the extremely low level of recent months, and iron and steel casting foundries had heavier shipments following larger orders in August. The percentage gains shown in shipments and orders of stove and furnace manufacturers were much greater than usual for the period. Furniture manufacturers reported an increase in orders booked for the third successive month, and shipments recorded a greater than seasonal gain over August. Shoe production in September expanded to a point higher than in many months, although leather production showed little change from the preceding month and sales declined. Building construction continued to register further slight improvement in September, while the movement of materials such as lumber was noticeably greater than in August. The total of manufacturing employment in the district again declined during September owing, as in the preceding month, to curtailed output in the automobile industry; the majority of reporting groups, however, recorded gains in employment over a month previous.

In food-producing industries, meat packing had an expansion in production during September which was contrary to trend and brought the volume above that of a year ago, while dollar sales also increased over August and the tonnage sold was heavier than in September last year. Butter production and sales, however, were smaller than in August and cheese manufacture likewise declined in the comparison though distribution increased. Crops continued to show heavier yields than expected earlier in the season. Owing to a light demand, shipments of both wheat and feed grains were in small volume.

The gains which took place during September in the distribution of commodities at wholesale as well as at retail were heavier than seasonal and effected reductions in the size of the declines from a year ago. Department store sales improved noticeably during the month, as did the retail shoe and furniture trades. The wholesale grocery, hardware, dry goods, shoe, and electrical supply trades all reported larger than usual percentage gains in sales over the preceding month. An increasing tendency is noted toward strengthening in wholesale prices. Distribution of automobiles declined in September—a seasonal trend.

Following the expansion shown during August in commercial paper sales and transactions in bankers' acceptances, activity fell off in September. The bond market likewise experienced a slowing-down in demand. Investments of reporting member banks in the district again increased between the middle of September and October 19, while loans and discounts continued to decline; net demand deposits were further enlarged during the period, but time deposits decreased. Borrowing by member banks at the reserve bank continued in lesser volume.

### FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	OCT. 19 1932	CHANGE FROM SEPT. 14 1932	OCT. 21 1931
Total Bills and Securities.....	\$284.6	\$-11.2	\$-5.4
Bills Discounted.....	18.1	-11.1	-43.4
Bills Bought.....	4.1	-0.1	-12.4
U. S. Government Securities.....	262.3	0	+162.4
Total Reserves.....	794.7	+49.1	+239.9
Total Deposits.....	370.4	+62.9	+49.2
Federal Reserve Notes in Circulation.....	677.5	-21.7	+189.7
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	75.8	+1.8*	+7.3*

\*Number of points.

### CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	OCT. 19 1932	CHANGE FROM SEPT. 14 1932	OCT. 21 1931
Total Loans and Investments.....	\$2,261	\$+31	\$-681
Loans on Securities.....	664	-37	-318
All Other Loans.....	813	-8	-274
Investments.....	784	+76	-89
Net Demand Deposits.....	1,263	+54	-365
Time Deposits.....	900	-7	-207
Borrowings from Federal Reserve Bank.....	2	-6	-36

## Credit Conditions and Money Rates

A further lessening in member bank borrowing at the Reserve bank was evidenced during the period September 14 to October 19. Local Treasury expenditures exceeding receipts by over 84 million dollars and a decrease of almost 17 millions in demand for currency were the two important factors making for the decline. Outstanding among those factors tending to increase loans to member banks were a gain in member bank reserve balances of approximately 64 million dollars and a loss of funds through inter-district settlements for commercial and financial transactions totaling 29 millions. The sum of these two factors, however, together with three other minor changes, aggregated less than those effecting a decrease, and the result was a recession of 11 million dollars in member bank borrowings at the Reserve bank.

### FACTORS IN MEMBER BANK BORROWING AT THE FEDERAL RESERVE BANK OF CHICAGO

Changes between September 14 and October 19, 1932 (In millions of dollars)	
Changes making for decrease in member bank borrowing:	
1. Excess of local Treasury expenditures over receipts.....	84.58
2. Decrease in demand for currency.....	16.79
3. Decrease in unexpended capital funds.....	1.61
4. Increase in reserve bank float.....	1.30
5. Decrease in non-member clearing balances.....	0.01
Total.....	104.29
Changes making for increase in member bank borrowing:	
1. Increase in member bank reserve balances.....	63.99
2. Funds lost through inter-district settlements for commercial and financial transactions.....	29.15
3. Sales of gold to industry.....	0.07
4. Decrease in holdings of acceptances by the Reserve bank (local transactions).....	0.01
Total.....	93.22
Excess of changes making for decrease in member bank borrowing:	11.07
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks).....	11.07

### MEMBER BANK CREDIT

Reporting member banks in the district on October 19 recorded an increase over September 14 of 31 million dollars in aggregate loans and investments, investment holdings increasing 76 millions, and loans on securities and all other (commercial) loans declining 37 millions and 8 millions, respectively. Net demand deposits registered an increase of 54 million dollars between these two dates, while time deposits decreased 7 millions. Comparisons of aggregates shown on October 19 with those recorded on October 21, 1931, were more favorable than the year-to-year changes reported on September 14. Total loans and investments on October 19 were 681 millions below the corresponding date in 1931, whereas on September 14 they fell short of the total on September 16, 1931, by 832 millions. Net demand deposits, which on October 19 declined 365 million dollars from the preceding year, on September 14 had shown a decrease of 537 millions; and time deposits declined 207 millions as compared with a shrinkage of 271 on September 14.

The prevailing rate on customers' commercial loans in Chicago during the week ended October 15 was 4 to 5

### VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT (Amounts in millions of dollars)

	SEPT. 1932	PER CENT OF INCREASE OR DECREASE FROM	
		August 1932	Sept. 1931
Chicago.....	\$1,857	-6.1	-28.2
Detroit, Milwaukee, and Indianapolis.....	682	-8.5	-37.1
Total four larger cities.....	\$2,539	-6.7	-30.8
32 smaller centers.....	441	+1.5	-35.4
Total 36 centers.....	\$2,980	-5.6	-31.5

per cent, unchanged from the corresponding week in September. The average rate earned on loans and discounts by downtown Chicago banks during the calendar month of September was reported as 4.25 per cent, as against 4.47 per cent in August and 4.28 per cent in September 1931. Banks in Detroit reported the prevailing rate on customers' commercial loans during the week ended October 15 as 5½ to 6 per cent.

As a consequence of lessened borrowing during the month, dealer sales of commercial paper in the Middle West declined 18 per cent in September from August to a point 80 per cent below the 1923-31 average. However, there was evidenced a smaller recession from last year than in the preceding period. Selling rates for September generally ranged from 1½ and 2 per cent for prime paper to 2¼ and 2½ per cent for obligations less well known; the bulk of sales took place within a range of 2 to 2¼ per cent. Outstandings were reduced 7 per cent from August 31. Both demand and supply improved to such a degree during the first half of October that sales totaled 75 per cent greater than in the corresponding weeks of September. A range of 1½ to 2¼ per cent in selling quotations was reported on October 15.

Local dealer purchases of bankers' acceptances in the Chicago bill market, though continuing in small volume, were 56 per cent greater during the four weeks ended October 11 than in the preceding period. A moderate expansion likewise took place in receipts from Eastern markets, so that the total supply of bills increased 19 per cent over August 11 to September 14, but aggregated 68½ per cent below a year ago. All offerings were quickly absorbed, as an expansion in demand from local banks more than offset the effect of decreased sales to out-of-town customers and reduced shipments to Eastern cities. Dealers, therefore, were unable to accumulate any bills in their own portfolios. Selling rates remained unchanged.

### AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

	September 15 to October 11, 1932	
	PER CENT CHANGE IN COMPARISON WITH PERIOD FROM AUG. 11 TO SEPT. 14	SEPT. 10 TO OCT. 13
	1932	1931
Bills purchased.....	+55.6	-94.1
Bills sold.....	+28.2	-31.1
Holdings*.....	.....	.....

\*Holdings nil on October 11, 1932.

After having shown a marked expansion in August, new financing by means of bankers' acceptances fell off sharply in the Seventh district during September to a level 14 per cent under the 1923-31 average. The direct discounting of these bills at the originating banks declined approximately \$9,000,000 from the preceding month, and the purchases of other banks' bills increased \$5,000,000 to the highest level since last September; total purchases, therefore, aggregated 16½ per cent less than in August, 28 per cent under a year ago, though 50 per cent above the 1923-31 average. Sales remained at an exceptionally low level, being only one-fourth the volume of purchases. Portfolios, therefore, were 23 per cent larger on September 30 than at the end of August and 186 per cent greater than a year ago. With maturities slightly exceeding the volume of new bills made during the month, the liability for outstandings continued to decline. A further recession in new financing also took place during the first half of October, coincident with decreased borrowing for the movement of grain.

# TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

	PER CENT CHANGE IN SEPT. 1932 FROM AUGUST 1932	SEPT. 1931
Total value of bills accepted.....	-42.3	-37.2
Purchases (including own bills discounted).....	-16.6	-27.8
Sales.....	+35.2	-92.3
Holdings.....	+23.3	+186.5
Liability for outstandings.....	-3.2	-22.6

\*At end of month.

## SECURITY MARKETS

A somewhat more hesitant tone prevailed in the Chicago bond market during September, following the greatly increased activity shown in August. Demand for bonds during September, though falling off somewhat from August, was considerably better than in June and early July. There were only a few major underwritings during September, mainly corporation issues. High grade public utility and municipal bonds were the issues given most preference in demand during the month. Subsequent to the recent upward trend in stock prices, which carried through the first week in September, prices on the Chicago Stock Exchange have trended gradually downward. The average price of twenty leading stocks \* amounted to \$21.49 on October 17, which compares with an average of \$22.81 on the corresponding day in September.

\* Chicago Journal of Commerce.

## Agricultural Products

Seventh district crops not only reached full maturity before killing frosts arrived this autumn but have yielded even better than expected a few weeks ago, noteworthy gains since September 1 being 17½ million bushels in corn, 7 million bushels in oats, 3 million bushels in potatoes, 1½ million bushels in barley, 490 thousand bags in beans, and 166 thousand tons in sugar beets. Corn cutting is making rapid progress and husking has begun; the crop is drying out rapidly and is of high merchantable quality. Potato digging and other harvesting operations

### CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics on the Basis of October 1 Condition

Basis of October 1 Condition						
(In thousands of bushels unless otherwise specified)						
SEVENTH DISTRICT			UNITED STATES			AVERAGE 1924-28
FORECAST 1932	FINAL 1931		FORECAST 1932	FINAL 1931		
Corn.....	1,049,713	887,842	2,884,682	2,563,271	2,625,063	
Oats.....	531,147	469,972	1,265,341	1,112,037	1,277,127	
Winter Wheat..	45,527	73,636	441,788	789,462	548,632	
Spring Wheat..	3,392	3,623	269,919	104,742	280,044	
Barley.....	58,339(a)	49,467(a)	313,407	198,185	218,868	
Rye.....	8,189(a)	7,523(a)	42,453	32,514	44,081	
Buckwheat.....	832(a)	665(a)	7,092	8,938	11,792	
Flaxseed.....	296(b)	250(b)	13,210	11,071	23,287	
Potatoes (white)	60,295	50,418	356,847	375,518	361,115	
Potatoes (sweet)	1,480(c)	1,476(c)	74,576	62,904	57,822	
Sugar Beets¹..	1,110(d)	581(d)	8,587	7,903	7,389	
Apples						
(total crop)...	12,047(a)	25,382(a)	133,824	202,415	180,262	
Peaches.....	2,108(e)	7,838(e)	46,267	76,586	56,821	
Pears.....	942(e)	1,602(e)	22,154	23,346	21,484	
Grapes¹.....	90(a)	74(a)	2,136	1,622	2,339	
Cranberries³..	75(f)	45(f)	527	651	588	
Dry Beans¹....	4,390(g)	3,333(g)	10,230	12,713	.....	
Cabbage¹.....	206(a)	153(a)	968	995	1,060	
Celery¹.....	1,999(h)	1,496(h)	10,892	9,750	6,817	
Onions.....	7,488(a)	3,395(a)	28,436	18,984	20,965	
Cucumbers						
for market...	107(i)	113(i)	3,581	4,831	.....	
Canning Crops						
Tomatoes¹....	279(e)	251(e)	1,109	983	1,204	
Beets¹.....	11(j)	18(j)	22	30	.....	
Tobacco².....	34,073	48,904	1,011,581	1,600,910	1,298,947	
All Tame Hay¹	13,400	11,939	68,543	64,213	73,759	
Broom Corn¹..	5¼(k)	8¼(k)	34¼	44¼	51	

¹ In thousands of tons. ² In thousands of barrels. ³ In thousands of 100-lb. bags. ⁴ In thousands of crates. ⁵ In thousands of pounds. (a) Five states including Seventh Federal Reserve district. (b) Iowa, Wisconsin. (c) Indiana, Illinois, Iowa. (d) Michigan. (e) Michigan, Illinois, Indiana, Iowa. (f) Wisconsin. (g) Michigan, Wisconsin. (h) Michigan, Indiana, Iowa, Michigan. (i) Wisconsin, Michigan, Indiana. (j) Illinois. (k) Illinois.

continue. Seeding is well advanced. Prices of several important agricultural commodities have trended downward in recent weeks.

## GRAIN MARKETING

Although receipts of wheat at interior primary markets in the United States remained at a relatively low level in September, they recorded less than a seasonal decline from the preceding month and showed a smaller recession from the 1927-31 average than during August. Shipments influenced by a dull domestic demand, good harvests in importing countries, an increase in world crop estimates, and heavy marketings of Canadian wheat in European countries, also continued in restricted volume, though expanding 5½ per cent over August—contrary to the usual tendency. Cash prices at Chicago averaged about one per cent higher than in August, but futures declined 2 per cent. In October the spread in prices between Liverpool and Chicago widened, but during the preceding month the relative levels of the two markets were not favorable to the exportation of United States wheat. Exports of wheat and flour from this country, therefore, were smaller than in August, and the total export movement of wheat and flour from July to the end of September was only one-third that of a year ago. As a result of these prevailing conditions, the United States visible supply of the grain increased to a level two-thirds greater than the 1923-31 average and was only 20 per cent below the corresponding date of 1931. Wheat prices have trended sharply downward in October.

Corn marketings increased over August, contrary to seasonal trend, and were exceptionally large for September, being in excess of any month since February 1931, one and one-half times greater than in September a year ago, and 14 per cent in excess of the 1927-31 average for the month. Shipments, however, were at a comparatively low level, as industries and a few feeders were practically the only buyers and there was little export demand coincident with the principal producing countries of the world having a 13 per cent larger corn crop than in 1931. Visible supplies in the United States under the influence of slow demand have continued to increase since the middle of July and are now 165 per cent above the 1922-31 average and 244 per cent greater than last year. These factors contributed to the price decline in September from August.

The movement of oats declined sharply from the preceding month and the 1927-31 average, but remained heavier than last year. Cash oats, under the restricting influence of dull demand, averaged 2 per cent lower than in August, but futures advanced. United States visible supplies of this grain continued to increase and on October 1 were 17 per cent greater than the 1927-31 average.

## MOVEMENT OF LIVE STOCK

Receipts of cattle and lambs at public stock yards in the United States increased less than the usual amount in September over the preceding period, but conformed to seasonal trend in being greater than at any time since last autumn. Hog marketings showed a larger than average gain over August, and those of calves declined, contrary to the usual tendency. With the exception of cattle, all live stock recorded a larger recession in volume from a year ago than was evidenced a month earlier. On the other hand, the movement of cattle, hogs, and lambs to

inspected slaughter (inclusive of receipts that do not pass through the public yards) increased over last September, and that of hogs and lambs was considerably greater than the 1922-31 average. Prices, after showing considerable strength in the middle of September, have trended sharply downward in recent weeks.

Shipments of stocker and feeder cattle and lambs increased in September over August, but were below last year and the 1927-31 average. However, a more favorable market for finished steers and a larger corn crop than in 1931 caused cattle feeder shipments for the three months ended September 30 to exceed those of the corresponding period last year by 5 per cent.

#### MEAT PACKING

Slaughtering establishments in the United States increased production 8 per cent in volume during September—contrary to the usual tendency—to a level 7 per cent above a year ago and 5 per cent in excess of the 1922-31 average. End-of-month payrolls reflected a similar improvement over August, the gains being 2½ per cent in number of employees, 5½ per cent in hours worked, and 3 per cent in wage payments. Moreover, the total value of sales billed to domestic and foreign customers was 6½ per cent greater than in August and within 23 per cent of a year ago. Low prices for packing-house commodities were mainly responsible for this recession from 1931, inasmuch as the sales tonnage was 2 per cent heavier than last September. The quotations for lard, medium to choice lamb, and most pork declined from a month earlier; those of beef held barely steady; and the prices of common grades of veal and lamb advanced. Inventories in the United States decreased less than a seasonal amount on October 1 from the beginning of September, but were 2,000,000 pounds lighter than last year and 110,000,000 pounds below the 1927-31 average.

A marked increase in shipments for export was recorded over August. This gain principally reflected an improvement in British and German demand for lard and other fats, already landed. Very little forward buying was reported, however, and with the exception of a fair demand for Christmas hams, the trade in meats remained rather light. Continental quotations for lard and other animal fats were fully up to United States parity, but the commodity was at a discount in the United Kingdom; meat prices remained below a Chicago basis. A slight increase in inventories of United States packing-house commodities abroad (inclusive of the stocks in transit) was reported over the beginning of September.

#### LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, September 1932.....	190	621	420	78
Federally Inspected Slaughter, United States September 1932.....	718	3,252	1,667	366
August 1932.....	633	2,970	1,579	362
September 1931.....	687	2,955	1,667	393

#### AVERAGE PRICES OF LIVE STOCK (Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	OCT. 22	SEPT. 1932	SEPT. 1932	SEPT. 1931
Native Beef Steers (average)...	\$6.75	\$8.05	\$7.90	\$8.05
Fat Cows and Heifers.....	4.50	5.15	5.10	5.55
Calves.....	4.75	6.70	6.15	8.85
Hogs (bulk of sales).....	3.50	4.05	4.25	5.55
Yearling Sheep.....	3.75	4.25	4.25	4.90
Lambs.....	5.15	5.45	5.25	6.05

#### DAIRY PRODUCTS

Creamery butter manufacturing operations in the Seventh Federal Reserve district were reduced 16½ per cent in September to a level ½ per cent below a year ago but within 7 per cent of the 1923-31 average. The sales tonnage fell off 12½ per cent from August and 11½ per cent from last year. Although prices of the commodity averaged 3 per cent higher in September than a month earlier, United States production showed a downward trend in this comparison similar to that of the Seventh district; it exceeded that of a year ago. Inventories of creamery butter in the United States declined more than is customary on October 1 from the beginning of September and were 31 per cent under the 1927-31 average, but exceeded those of last year by 11½ per cent.

A decrease of 5½ per cent was recorded in the production of American cheese in Wisconsin during the four weeks ended October 1 as compared with the preceding period, but distribution of the commodity rose 5½ per cent and was 1½ per cent greater than current manufacture. The recessions of one and 3 per cent, respectively, shown from the corresponding month of 1931 were considerably smaller than had been evidenced in the preceding period. Quotations eased. Total stocks of cheese in the United States increased on October 1 over the beginning of September, instead of decreasing as is usual, but were 8½ per cent lighter than a year ago and 18 per cent less than the 1927-31 average.

#### Industrial Employment Conditions

As in August, curtailment of operations in automobile plants again effected a recession during September in Seventh district employment. The total for ten manufacturing groups declined 4 per cent in number of employees and dropped 13 per cent in wage payments. Of these ten groups, however, six—rubber products, textiles, wood products, food, leather products, and stone-clay-glass—recorded gains in the number of wage earners, those in the last two groups being contrary to seasonal trend. Textiles, leather products, and stone-clay-glass, each registered increases in amount of payrolls, which gains likewise were contrary to the usual trend for September. The paper and printing and chemical groups had

#### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF SEPTEMBER 15, 1932			CHANGE FROM AUGUST 15	
	REPORT- ING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 OMITTED) \$	WAGE EARN- ERS %	EARN- INGS %
Metals and Products¹.....	709	106,233	1,653	-1.8	-1.8
Vehicles.....	152	145,561	2,062	-13.8	-35.8
Textiles and Products.....	142	29,136	438	+7.7	+12.9
Food and Products.....	341	61,000	1,183	+5.7	+4.4
Stone, Clay, and Glass.....	144	6,858	125	+5.5	+8.2
Wood Products.....	259	19,584	238	+5.8	+10.9
Chemical Products.....	102	11,841	257	-1.7	+4.2
Leather Products.....	72	15,563	233	+6.0	+5.4
Rubber Products².....	7	5,307	79	+8.4	-19.4
Paper and Printing.....	290	36,569	832	-0.9	+1.3
Total Mfg., 10 Groups....	2,218	437,652	7,100	-3.9	-12.7
Merchandising³.....	169	26,367	566	+0.9	-1.0
Public Utilities.....	75	80,514	2,281	-0.7	-2.3
Coal Mining.....	10	1,022	16	+27.4	+86.3
Construction.....	336	10,658	221	+0.9	-4.1
Total Non-Mfg., 4 Groups....	590	118,561	3,084	-0.0	-1.9
Total, 14 Groups.....	2,808	556,213	10,184	-3.1	-9.7

¹Other than Vehicles. ²Michigan and Wisconsin. ³Illinois and Wisconsin.

small declines in the number of wage earners during the month, although both increased the amount of payrolls.

Non-manufacturing activity recorded increases in the number employed in coal mining, merchandising, and construction lines; with the exception of mining, however, declines were recorded in wage earnings. The public utility group had small recessions in both number of employees and payrolls.

The Department of Agriculture reports a continuance of the decline in farm wages, without any appreciable change in the supply of workers available. For the entire country, the index of farm wage rates on October 1 was 84 per cent of the pre-war level and three points lower than on July 1.

## Manufacturing

### AUTOMOBILE PRODUCTION AND DISTRIBUTION

Automobile manufacturers further reduced output in September—a seasonal action. Production of passenger cars in the United States dropped to only 64,735 units, as against 75,898 in August and 109,087 in September last year. In the first nine months of 1932, output totaled 966,119 compared with 1,764,353 in the same period of 1931. Trucks produced in September numbered 19,393, or 34½ per cent more than in the preceding month and 38 per cent below a year ago; output in the first three-quarters of this year totaled 190,326, as against 351,594 in the corresponding months of 1931.

Sales of automobiles likewise declined as is usual in September. Wholesale distribution by reporting firms in the Middle West dropped 37 per cent from August, while retail sales were 17 per cent smaller in number, both phases of merchandising showing about the same declines as last year in the same month. Differences between this year's volume and that of 1931 were reduced somewhat further in the period. The number of new cars on hand continued to be less than half that of a year ago. Used car sales fell off in September, coincident with the decline in new car sales, and stocks remained low. The proportion of deferred payment sales to total sales of dealers reporting the item was slightly higher than either a month previous or in September last year, amounting to 54 per cent as compared with 52 per cent in August and 51 per cent a year ago.

### IRON AND STEEL PRODUCTS

As evidence of a slight actual improvement in conditions in the Chicago district, steel ingot output rose from 12 to 13 per cent of capacity in the early part of September to approximately 18 per cent the middle of October. Sales continued to gain slowly during September,

#### MIDWEST DISTRIBUTION OF AUTOMOBILES Changes in September 1932 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	AUGUST 1932	SEPT. 1931	
<b>New Cars</b>			
Wholesale—			
Number Sold.....	-36.8	-38.3	17
Value.....	-30.3	-46.3	17
Retail—			
Number Sold.....	-16.9	-33.9	40
Value.....	-12.9	-31.1	40
On Hand Sept. 30—			
Number.....	-12.8	-54.1	40
Value.....	-11.2	-59.7	40
<b>Used Cars</b>			
Number Sold.....	-21.5	-8.1	40
Salable on Hand—			
Number.....	-3.9	-30.1	40
Value.....	-7.6	-43.1	40

with buying on the part of the major industries, however, remaining light. The principal classifications of steel products have held firm in price; the scrap iron and steel market, on the other hand, showed some weakness around the first of October, which continued through the middle of the month.

Following the heavy increase during August in orders booked, September shipments of steel and malleable casting foundries gained over the preceding month, contrary to seasonal trend, those of steel casting foundries expanding 18 per cent in tonnage and those of malleable castings 6½ per cent. Orders booked in the current period, however, dropped considerably from the August volume for steel castings—35 per cent—and 5 per cent for malleable castings. Production of steel castings declined in September, while that of malleable castings increased. The expansion of 70 per cent shown over August in September shipments of reporting stove and furnace manufacturers compared with a gain in the average for the previous nine years of only 40 per cent, and the increase in new orders of 80 per cent over the preceding month likewise was unusually large. As compared with a year ago, shipments totaled 25 per cent smaller and orders 33 per cent less.

### FURNITURE

A third successive month-to-month increase in the volume of orders booked by furniture manufacturers reporting to this bank was recorded for September, the gain of 26 per cent over the preceding month—three times the usual expansion—following upon increases of 67 and 11 per cent in July and August, respectively, the gain in July being considerably larger than usual for the period and that for August contrary to trend. September shipments were 36 per cent in excess of the August totals, comparing with an average expansion of 11 per cent and following an increase in August over July of 68 per cent, which increase was more than twice the average for the period. The spread between current orders and shipments and those of September a year ago amounted to only 30 and 34 per cent, respectively, the average decline from 1931 for the nine-month period approximating 49 per cent for orders and 47 per cent for shipments. Although the aggregate of new orders booked was greater than the total shipments made, currently, cancellations offset the difference to a large extent, so that unfilled orders outstanding were only one per cent in excess of the volume of a month previous and amounted to approximately 74 per cent of current orders booked. The ratio of opera-

#### LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	SEPT. 1932: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	AUGUST 1932	SEPT. 1931	
<b>Wholesale Lumber:</b>			
Sales in Dollars.....	+14.4	-30.7	13
Sales in Board Feet.....	+10.3	-22.7	11
Accounts Outstanding <sup>1</sup> .....	+6.6	-21.4	11
<b>Retail Building Materials:</b>			
Total Sales in Dollars.....	+19.3	-23.1	179
Lumber Sales in Dollars.....	+7.0	-29.6	36
Lumber Sales in Board Feet.....	+15.6	-23.1	71
Accounts Outstanding <sup>1</sup> .....	+2.4	-22.3	170
Ratio of accounts outstanding <sup>1</sup> to dollar sales during month			
	SEPT. 1932	AUGUST 1932	SEPT. 1931
Wholesale Trade.....	211.7	227.6	188.8
Retail Trade.....	348.9	407.5	346.8

<sup>1</sup>End of month.

tions to capacity averaged 42 per cent during the month, 9 points higher than a month previous and only 5 points under that of September a year ago.

#### SHOE MANUFACTURING, TANNING, AND HIDES

September production of shoes in the Seventh Federal Reserve district exceeded that of any previous month since November 1929, increasing 12 per cent over August to a point  $\frac{1}{2}$  per cent above the 1923-31 average. Tanning operations, on the other hand, changed little from a month earlier and remained considerably below a year ago. The total dollar value of leather sold fell below August and also was less than in September 1931. Prices held steady.

Chicago trading in packer green hides declined in September from the preceding period, and demand for calf and kip skins continued light. Total shipments of these commodities from the city, however, aggregated greater than in August, though purchases by district tanneries decreased. Quotations remained practically unchanged during the month.

### Building Materials, Construction Work

A moderate gain in dollar sales during September, totaling 14 per cent over a month previous, was recorded by reporting wholesale lumber firms in the Seventh district. This increase was contrary to trend for the month—the five-year average change between September and August being a decline of 12 per cent—and followed upon a greater than seasonal movement of lumber in the preceding month. Furthermore, the expansion was the largest shown for any previous month since February 1931. Board-foot sales increased by an amount somewhat smaller than that of dollar sales. The year-ago comparisons for September recorded declines of 34 and 30 per cent, respectively, which were, however, smaller than those shown during August. Prices at wholesale remained steady during September. Total retail sales of all materials, according to reporting yards in this district, gained 19 per cent during September over the preceding month, as against a five-year average increase of only 9 per cent. Retail sales of lumber expanded in both dollar and board-foot amounts, by 7 and 16 per cent, over the August figures. Declines from a year ago in these items, though totaling 30 and 23 per cent, respectively, were considerably less than those recorded in recent months. Retail prices were firm to higher during the month. Accounts outstanding at both wholesale and retail yards rose only slightly during September, so that a further considerable reduction was effected in the accounts-sales ratios.

Production of cement during September at midwestern mills increased 12 per cent over the August volume, contrary to seasonal trend, but shipments declined 9 per cent;

#### WHOLESALE TRADE IN SEPTEMBER 1932

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLEC- TIONS	
Groceries.....	-18.0	-20.8	-4.5	-26.1	110.5
Hardware.....	-23.2	-17.8	-13.8	-29.7	300.5
Dry Goods.....	-25.5	-37.4	-27.9	-33.5	261.5
Drugs.....	-21.4	-20.6	-4.1	-29.1	234.8
Shoes.....	-26.4	-29.6	-42.1	-35.4	284.4
Electrical Supplies.....	-37.3	-29.1	-19.8	-44.6	231.5

stocks were further reduced by 22 per cent. In August, distribution of cement in the five states including this district was 12 per cent above the volume for July, though totaling 20 per cent under that of August 1931. Brick yards report a slight improvement in sales and shipments during September over the low volume of activity in August and July.

#### BUILDING CONSTRUCTION

Continued slight improvement took place during September in construction activity of the Seventh district, according to total building contracts awarded. Residential contracts, as in August, amounted to only 9 per cent of the total volume and, also, aggregated somewhat larger than in the preceding month.

#### BUILDING CONTRACTS AWARDED\* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
September 1932.....	\$22,043,270	\$1,972,528
Change from August 1932.....	+2%	+1%
Change from September 1931.....	-34%	-62%
First nine months of 1932.....	\$170,521,805	\$20,898,300
Change from same period 1931.....	-54%	-72%

\*Data furnished by F. W. Dodge Corporation.

The estimated cost of proposed construction in the Seventh Federal Reserve district, according to building permits issued, increased 104 per cent during September over a month previous. Although the total estimated cost for 99 cities, exclusive of Chicago, Detroit, Milwaukee, Indianapolis, and Des Moines, registered a gain of 21 per cent in this comparison, the heavy increase in the total was mainly the result of one large permit for the new Post Office in Detroit, amounting to over 3 million dollars. The only other of the large cities mentioned to show a gain over August was Des Moines, the increase totaling 40 per cent. The number of permits issued in the 104 cities declined less than one per cent in the aggregate from August. In the comparison with a year ago, both estimated cost and number of permits issued remained smaller, showing decreases of 31 and 34 per cent, respectively.

### Merchandising

Wholesale trade in the Seventh district expanded in September considerably more than seasonally in all reporting groups except drugs where the gain of 4 per cent over August was the same as in the 1923-31 average for the period. The increase in grocery sales of 9 per cent this September compared with only 4 per cent in the average, that of 15 per cent in hardware with 9 per cent, the 37 per cent gain in dry goods with 17 per cent, 16½ per cent in shoes with 5 per cent, and 9 per cent in elec-

#### DEPARTMENT STORE TRADE IN SEPTEMBER 1932

LOCALITY	PER CENT CHANGE SEPTEMBER 1932 FROM SEPTEMBER 1931		PER CENT CHANGE FIRST NINE MONTHS 1932 FROM SAME PERIOD 1931		RATIO OF SEPT. COL- LECTIONS TO ACCOUNTS OUTSTANDING AUGUST 31	
	NET SALES	STOCKS END OF MONTH	NET SALES		1932	1931
Chicago.....	-18.5	-34.4	-29.4		21.7	27.5
Detroit.....	-27.5	-21.4	-25.4		26.6	26.9
Indianapolis..	-14.7	-30.3	-21.5		33.9	35.0
Milwaukee....	-26.4	-28.2	-26.4		27.6	30.5
Other Cities..	-20.8	-26.2	-27.7		25.2	28.0
7th District..	-22.0	-29.7	-27.3		25.8	28.3

trical supplies with 3 per cent in the average. Further reductions in the size of the declines from a year ago were recorded in all lines but drugs. Sales in the first three-quarters of 1932 totaled 21 per cent smaller for groceries than in the same period of 1931, hardware sales were 27 per cent less, dry goods 32 per cent, drugs 22 per cent, shoes 40 per cent, and electrical supplies 43 per cent smaller. Prices for the most part remained steady or showed a further tendency to strengthen.

A greater than seasonal improvement likewise occurred in retail trade of the district during September. Department store sales increased 40 per cent in the month, as compared with a seasonal gain of but 24 per cent, and daily average sales were more than half again as large as a month previous. Aggregate sales by Chicago stores expanded 37 per cent over August, those by Detroit stores 63 per cent, in Indianapolis 53 per cent, in Milwaukee 25 per cent, while the dollar volume sold by stores in other cities gained only 21 per cent. As a consequence of the heavy increases shown in September, the decline for the district of 22 per cent from a year ago was smaller than in a similar comparison for any month since February. Stocks again increased, as is usual in September, but the gain of  $4\frac{1}{2}$  per cent was less than seasonal; the rate of turnover during the month was slightly higher than last year—for the first time in 1932 so far.

Sales of shoes at retail during September expanded 75 per cent over August, according to data compiled from department store and dealer reports, whereas the gain in September of the previous seven years has never been

much more than 50 per cent, averaging 43 per cent. The decline from last year, therefore, totaled only 20 per cent as against 31 per cent a month previous and 37 per cent in July. Stocks again increased somewhat, being enlarged 4 per cent over August 31, but totaled 25 per cent smaller than at the end of September 1931.

Retail furniture sales also gained considerably in September over August—42 per cent—the expansion being larger than usual for the period and comparing with one of only 29 per cent last year. Installment sales by dealers gained 5 per cent in the comparison, whereas a year ago they recorded a small decline. As compared with last September, total sales by dealers and department stores were  $28\frac{1}{2}$  per cent smaller and installment sales 21 per cent less. Practically no change took place between August 31 and the end of September in stocks, which were 21 per cent below a year ago.

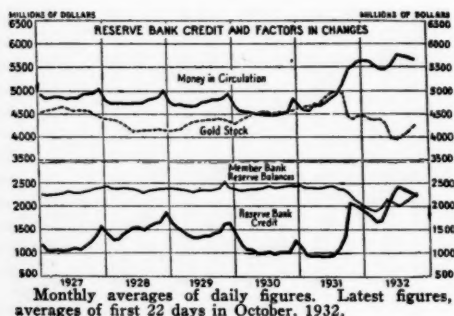
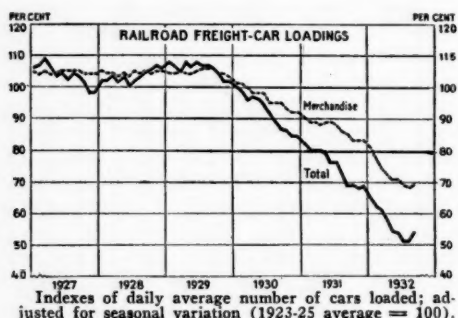
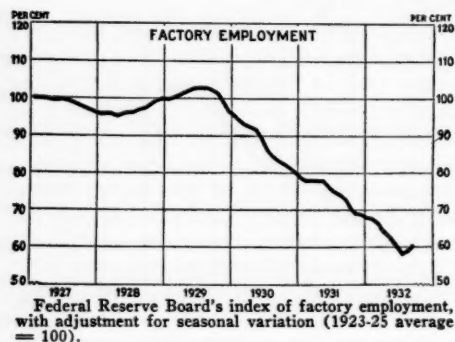
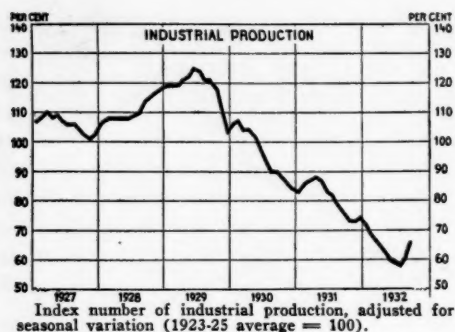
In contrast to the decline shown in August from July and that registered last September from the preceding month, chain store trade in September this year recorded a gain over a month previous in the aggregate for reporting groups. Sales of fifteen chains totaled 5 per cent larger than in August, and the decrease of 14 per cent from a year ago compared with one of 20 per cent a month previous. Among the groups to record gains in the current period were grocery chains, five-and-ten-cent stores, cigars, furniture, and musical instruments; drug, men's clothing, and shoe chains experienced recessions in September trade.

## MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	Sept. 1932	Aug. 1932	July 1932	June 1932	May 1932	Apr. 1932	Sept. 1931	Aug. 1931	July 1931	June 1931	May 1931	Apr. 1931
<b>Meat Packing—(U. S.)—</b>													
Sales (in dollars).....	63	57	53	52	50	51	52	74	75	76	75	77	78
<b>Casting Foundries—</b>													
Shipments:													
Steel—In Dollars.....	14	11	10	9	11	13	13	20	23	26	29	38	39
In Tons.....	14	11	9	9	10	13	13	19	22	24	27	39	37
Malleable—In Dollars.....	21	8	8	7	11	12	13	17	20	21	26	31	34
In Tons.....	21	14	13	12	19	21	23	26	32	34	42	51	54
<b>Stoves and Furnaces—</b>													
Shipments (in dollars).....	11	81	47	31	43	51	54	111	79	63	65	84	94
<b>Furniture—</b>													
Orders (in dollars).....	18	31	25	22	13	19	26	44	46	35	56	39	49
Shipments (in dollars).....	18	30	22	13	15	23	28	46	39	42	33	47	59
<b>Flour—</b>													
Production (in bbls.).....	25	112	123	106	111	104	109	123	130	114	90	89	95
<b>Output of Butter by Creameries—</b>													
Production.....	67	92	111	118	141	141	102	93	109	122	153	146	108
Sales.....	69	89	102	106	130	113	95	101	108	115	140	117	102
<b>Wholesale Trade—</b>													
Net Sales (in dollars):													
Groceries.....	29	70	65	59	71	66	68	86	84	92	84	81	84
Hardware.....	12	42	36	35	54	50	52	54	51	59	65	64	73
Dry Goods.....	9	40	28	22	29	32	34	53	41	38	46	51	55
Drugs.....	13	62	59	52	66	64	67	78	76	78	83	79	87
Shoes.....	6	45	39	25	33	34	31	61	55	48	54	60	68
<b>Retail Trade (Dept. Stores)—</b>													
Net Sales (in dollars):													
Chicago.....	23	62	45	39	59	60	63	71	60	58	84	83	94
Detroit.....	5	87	54	51	78	86	89	123	78	71	101	109	126
Indianapolis.....	5	76	50	44	67	67	75	89	67	61	87	93	94
Milwaukee.....	5	66	53	48	67	71	81	89	73	75	95	99	112
Other Cities.....	45	56	46	38	56	60	67	71	69	57	80	86	95
Seventh District.....	83	67	48	42	63	66	71	83	67	62	88	90	101
<b>Automobile Production—(U. S.)—</b>													
Passenger Cars.....	22	26	32	55	54	41	37	53	63	72	93	98	
Trucks.....	52	38	44	60	70	73	83	84	91	107	121	133	
<b>Building Construction—</b>													
Contracts Awarded (in dollars):													
Residential.....	7	7	7	10	10	9	18	27	20	26	30	36	
Total.....	32	32	24	27	36	24	49	64	59	55	61	67	
<b>Iron and Steel—</b>													
Pig Iron Production:*													
Illinois and Indiana.....	20	22	26	29	30	32	43	44	50	61	76	86	
United States.....	20	17	19	21	26	29	40	42	48	56	66	69	
Steel Ingot Production—(U. S.)*.....	28	23	24	26	32	36	45	50	55	61	74	80	
Unfilled Orders U. S. Steel Corp....	42	41	41	43	46	49	66	66	71	73	76	82	

\*Average daily production.



## NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

**I**NDUSTRIAL activity and shipments of commodities by rail increased from August to September by considerably more than the usual seasonal amount. There was also a more than seasonal increase in the volume of factory employment and payrolls. The general level of prices, after advancing for three months, showed a decline beginning in the early part of September.

### PRODUCTION AND EMPLOYMENT

Volume of industrial production, as measured by the Board's seasonally adjusted index, based on the 1923-1925 average, increased from a low point of 58 in July to 60 in August and 66 in September. The advance in September reflected chiefly large increases in activity at textile mills, shoe factories, meat-packing establishments, and coal mines. In the steel industry, where activity had shown none of the usual seasonal increase in August, operations expanded considerably during September and the first three weeks of October to about 20 per cent of capacity. Daily average output of automobiles and lumber in September showed little change from recent low levels.

Factory employment increased from 58.8 per cent of the 1923-1925 average in August to 60.3 per cent in September, according to the Board's seasonally adjusted index. Considerable increases were reported in the cotton, woolen, silk, hosiery, and clothing industries, and smaller increases at car-building shops, foundries, cement mills, and furniture factories. In the automobile, tire, and electrical machinery industries, employment declined.

During the three months ending with September, value of building contracts awarded, as reported by the F. W. Dodge Corporation, was about the same as in the preceding three months, although awards are usually smaller in the third quarter. In the first half of October the daily average of contracts declined somewhat.

### DISTRIBUTION

Volume of freight carloadings increased by considerably more than the usual seasonal amount in September, reflecting chiefly larger shipments of coal and miscellaneous freight. Department store sales increased from the low level of August by somewhat more than the usual seasonal percentage.

### WHOLESALE PRICES

Wholesale commodity prices, as measured by the monthly index of the Bureau of Labor Statistics, showed little change from August to September. During August and early September there was a general advance in prices followed by a decline which continued through the first half of October, when the average was 2 per cent below the high point in early September and one per cent above the low point of early summer. Substantial decreases occurred after the beginning of September in the prices of many domestic agricultural commodities, including cotton, grains, and live stock, and also in prices of gasoline, nonferrous metals, and imported raw materials; while prices of wool, worsted yarns, coal, and lumber increased somewhat during this period.

### BANK CREDIT

During September and the first three weeks of October there were further additions to the reserve funds of member banks, arising from increases in the country's stock of monetary gold, from an unseasonal return flow of currency, and from issues of additional national bank notes. Member bank indebtedness to the reserve banks declined by more than \$100,000,000 from September 7 to October 19, and their reserve balances increased by \$180,000,000.

During September and the first two weeks of October reporting member banks in leading cities showed a further growth in investment holdings, largely of United States Government securities, but to some extent of other investments. Loans of reporting banks declined further in September. In the early part of October loans at banks in New York City showed an increase. There was considerable growth in Government deposits and in bankers' balances during the period; time deposits also increased.

Money rates in the open market declined to lower levels during the first half of October, the rate on prime commercial paper being reduced from a range of 2-2½ to a range of 1¾-2 per cent, and the rate on 90-day bankers' acceptances from ¾ of one per cent to ½ of one per cent. Rates for call loans on stock exchange collateral declined from 2 per cent to one per cent.

